

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Product Prices  
Global Plus 4 Contracts  
Negotiated Service Agreements

Docket No. MC2018-150

Competitive Product Prices  
Global Plus 4 Contracts (MC2018-150)  
Negotiated Service Agreements

Docket No. CP2018-216

PUBLIC REPRESENTATIVE COMMENTS ON REQUEST OF  
THE UNITED STATES POSTAL SERVICE TO ADD GLOBAL PLUS 4 TO THE  
COMPETITIVE PRODUCTS LIST

(May 18, 2018)

## INTRODUCTION

The Public Representative hereby provides comments pursuant to the Commission's Notice Initiating Dockets.<sup>1</sup> In this Notice, the Commission established the above referenced docket to consider matters from interested persons, including the undersigned Public Representative, on the Postal Service's Request to add Global Plus 4 to the competitive products list.<sup>2</sup>

The Commission has previously added several other Global Plus products to the competitive products list, including: Global Plus 1 contracts, Global Plus 1A contracts, Global Plus 1B contracts, Global Plus 1C contracts, Global Plus 1D contracts, Global Plus 1E contracts, Global Plus 2 contracts, Global Plus 2A contracts, Global Plus 2B contracts, Global Plus 2C contracts, and Global Plus 3 contracts. See section 2510.6.6 of the Mail Classification Schedule and Request at 1-3.

In this proceeding, the Postal Service requests the addition of the Global Plus 4 product to the competitive products list and to include one Global Plus 4 contract within

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<sup>1</sup> Notice Initiating Dockets for Recent Postal Service Negotiated Service Agreement Filings, May 11, 2018 (Notice).

<sup>2</sup> Request of the United States Postal Service to Add Global Plus 4 to the Competitive Products List and Notice of Filing a Global Plus 4 Contract Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal, May 10, 2018 (Request).

the products. Request at 1. The Postal Service proposes to designate the Global Plus 4 contract as the “baseline” agreement for future functional equivalency analyses. *Id.* at 6.

Global Plus 4 Contracts are contracts whereby the Postal Service provides prices for some combination of International Priority Airmail service (IPA), International Surface Air Lift service (ISAL), Priority Mail Express International service (PMEI), Priority Mail International service (PMI), First Class Package International Service (FCPIS), and Commercial ePacket service (CeP) when the contract holder acts as a “Mailer,” and additional prices for PMEI, PMI, and FCPIS service when the contract holder acts as a “Reseller.” In addition, Global Plus 4 contracts, when the contract holder acts as a “Mailer” include a system through which customs duties are paid by the mailer, in lieu of a certain destination country postal operator collecting such duties and taxes from the recipient. *Id.* at 5. The Global Plus 4 product is distinct from previous Global Plus products because it includes discounts for FCPIS when the contract holder acts as a “Mailer” and as a “Reseller”; and when the contract holder acts as a “Mailer” includes a system through which customs duties are paid by the mailer, in lieu of a certain destination country postal operator collecting such duties and taxes from the recipient. *Id.* at 6.

The Global Plus 4 contract described in this docket is scheduled to become effective once the Commission has completed its review. Attachment 4 at 8. If the effective date of the agreement is the first of the month, the agreement that is the subject of this docket is set to expire one year after its effective date. If the effective date of the agreement is not the first of the month, the agreement is set to expire on the last day of the month in which the effective date falls in the year subsequent to the effective date. *Id.*

## COMMENTS

The Public Representative has reviewed the Postal Service’s Request and the Statement of Supporting Justification (Attachment 1), the contract (Attachment 4), and the Postal Service’s proposed revised text of the Mail Classification Schedule (MCS) for Global Plus 4 Contract (Attachment 3). The Public Representative has also reviewed

the supporting financial models filed separately under seal for the Global Plus 4 Contract that accompanied the Postal Service's Request. Based upon that review, the Public Representative concludes that the Global Plus 4 Contract satisfies the criteria of section 3642(b), concerning the classification of new competitive products, and comply with requirements section 3633(a), concerning rates for competitive products. In addition, the Public Representative believes that treatment of the instant contract as the baseline agreement is appropriate.

*Product Classification.* Under 39 U.S.C. § 3642(b) the criteria governing Commission review are whether the product (1) qualifies as market dominant, (2) is covered by the postal monopoly and therefore precluded from classification as a competitive product, and (3) reflects certain market considerations, including private sector competition, the impact on small businesses, and the views of product users. With respect to the criteria of section 3642(b)(1) and (2), the Postal Service makes reasonable arguments that the instant Global Plus 4 Contract, which involves outbound international mail, are neither market dominant nor covered within the postal monopoly. Request at 7-8 and Attachment 1. The Statement of Supporting Justification provides information addressing the additional considerations listed in section 3642(b)(3). In addition, the Commission has previously classified the predecessor Global Plus products as competitive. For these reasons, the Public Representative concludes that the Global Plus 4 product satisfies the criteria of section 3642(b) for classification as competitive and therefore the product should be added to the competitive products list.

*Product Costs.* Pursuant to 39 U.S.C. § 3633(a), the Postal Service must demonstrate that competitive product rates (1) do not result in market dominant products subsidizing competitive products, (2) ensure that each competitive product covers its attributable costs; and (3) enable competitive products as a whole to cover an appropriate share of the institutional costs of the Postal Service. The financial model accompanying the Postal Service's Request indicates that the negotiated prices in the Global Plus 4 contract should generate sufficient revenue to cover its costs.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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